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APPENDIX G

OTHER INFORMATION

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Forum on Transportation Investment

MEMBER DISCUSSIONS

Forum on Transportation Investment

January 4, 2005

FUNDING QUESTIONS/ANSWERS

Tom Dale -- Thank you for your presentations about Idaho's Transportation Funding Sources. We now have about a ½ hour for questions. We have four microphones and would like you to use them so everyone can hear.

Question 1: Steve mentioned that Idaho's federal funding is larger than what is collected. How is Idaho's apportionment figured?

Steve: The state apportionments are figured according to the federal transportation authorization using what is called a 'sliding scale.' Suffice it to say, Idaho is a state that qualifies for more funding per the TEA-21 regulations. This scale may be adjusted in the next federal transportation authorization, which is currently being deliberated by Congress; but whatever the amount, federal funds are distributed according to these mandated regulations.

Question 2: Please explain a little more about Advance Construction?

Steve: When a state foresees that funding may be delayed or if the state wants to use future federal funds, FHWA can allow the state to set up projects that are eligible for federal funds and the state can begin these projects with state funds. The intention is that the project qualifies for federal funding, so the state can commit to building the project within federal regulations and FHWA can allow payment for this project when and if federal funds are distributed to the state. FHWA is not obligated to pay for advance construction projects if federal funds are not apportioned to the state.

Tom Warne, would you discuss how Salt Lake used advance construction on I-15 prior to the Olympic Games? **Tom Warne:** Utah used quite a bit of advance construction for I-15 and is still receiving federal funds under this program. It is a very useful way to develop a corridor or complete a large project within a shorter amount of time.

Question 3: How does advanced construction differentiate from GARVEE bonding?

Steve: GARVEE bonding is completely different in that an organization (state) goes to a lender and borrows funds with all the requirements that the financial institution may require to secure its loan. The organization may choose to promise to pay back this loan (bond) with federal funds or any other funding source the state chooses to guarantee re-payment. FHWA is not obligated in any way to pay back the borrowed funds or any of the accompanying fees.

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Question 4: How does a GARVEE bond qualify to use federal funds for payback?

Steve: Federal funds can be used to repay a GARVEE bond only on federal-aid eligible project costs. Bottom-line, FHWA will pay from concept to construction on highway projects that meet federal eligibility requirements.

Question 5: Are there examples of states using GARVEE bonding and the resulting issues?

Steve: Several states have used GARVEE bonding to construct large projects in shorter times, or to focus on specified types of construction that address transportation infrastructure needs (bridges, etc.).

Dave Ekern, Idaho Transportation Department Director: ITD has gathered and reviewed information about the GARVEE bonding process from many sources (states, AASHTO, etc.). Fourteen (14) states have authority to do GARVEE bonds. Our conclusion is that GARVEE bonding can be a useful tool for states to use, but there are many questions about how much bonding should be used and for what. Idaho's legislature will discuss this in depth this session and only they have the authority to decide if GARVEE bonding is appropriate for Idaho.

Question 6: Fuel consumption has only increased 17%, while miles traveled has increased over 104%. How do you account for the small increase in gas consumption while travel has increased so dramatically?

Pam: Simply put, vehicles are more fuel efficient and our roadway systems have improved enough to allow people to live in Payette and commute to Boise to work. The cost and time are reasonable enough for Idahoans to choose this lifestyle.

Question 7: Given the current state funding distribution, how is this affecting the maintenance of our transportation system?

Pam: ITD has had a goal to reduce pavement deficiency from 35% to 15% and we have worked hard to attain that goal. We currently expend at little under 50% of our funds for transportation system maintenance and our commitment to maintenance continues to be our first priority. Where ITD is not keeping up is in the area of major capital improvements. Current annual funding is far below the amount that has been identified to keep our system at acceptable levels of service. Major capital improvement costs are so much higher that funding does not accumulate quickly enough to carry out these projects within reasonable time frames.

Byron: Local Jurisdictions are also shifting their funding to maintenance of the system rather than improvement. They are faced with mounting capital improvement costs and funding sources that simply can not amass enough money to pay for the projected improvements in a reasonable amount of time.

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Question 8: The disparity of fuel tax totals compared to miles traveled seems unbelievable. But if taken on face value and with the discontinuance of the weight distance tax, has ITD suggested other methods to generate additional funds?

Pam: There are other areas for increasing state highway user taxes (i.e., registrations, driver's license), but ITD has not asked the legislature for changes in our fund source.

Question 9: If registrations were increased, what changes are required and how would this effect local funding?

Pam: I didn't bring those numbers with me, so I can't specifically address this question, but the *Report of Findings and Conclusions from the Idaho Transportation Resource Task Force* that was distributed at the first Forum meeting does estimate additional funding that can be generated.

Byron: Only one county, Ada County, currently uses the local option registration fees and those fees are kept in the county. However, a few counties are also considering doing so. Any increases in the current registration fees would require legislation and any state fees would be on top of the local option.

Question 10: Are the Locals now inspecting their roadways to determine safety needs and overall system adequacy?

Byron: I appreciate your question. The Locals have begun doing this type of inspection, but we are heading uphill. Approximately 2/3 of the road mileage is now in a computerized roadway database. Many were developed with local federal funds that we very much appreciate. We are a long way from analyzing this data or upgrading our roadways to meet minimum requirements. LHTAC is working on developing a local highway needs methodology using information from those local data systems and it will take about a year and a half to get that accomplished.

Question 11: How closely are the Local entities tied to the Planning and Zoning entities when new developments are discussed?

Byron: The short answer is yes we are tied to planning and zoning. We address this through transportation plans and authority that has been granted to those who develop these plans to identify needs. The discussions from the various transportation evaluations and plans has increased overall understanding of the transportation needs that will have to be put in place whenever development is considered. Through this process, we are also evaluating our current systems for efficiencies – closing some roads, assessing maintenance levels, etc.

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Question 12: Gasohol is currently taxed at the federal level at \$0.13 per gallon. Is Congress planning changes for this tax?

Steve: Congress is currently reviewing many parts of the Transportation Authorization Act and how the funds are generated. This is a very complicated process and of course the House and Senate will have to negotiate many items. Gasohol taxation and exemptions is very much undecided at this point.

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January 4, 2005

BREAKOUT SESSIONS

What is your view of the current level of Transportation Funding in Idaho?

Group 1:

Vote – adequate 0, insufficient 1, under-funded 6.

- Crowded freeways in metropolitan areas – intermodal methods needs attention;
- Light rail is critically under-funded;
- Intermodal transportation currently has no dedicated money to buy the corridors;
- Funding is flat -- global economy is changing and effecting import/export transportation demands;
- Idaho currently has a very low tax rate/base – may need to increase to meet needs.

Group 2:

Current level of transportation funding is between insufficient and critically under-funded because of:

- Significant population growth;
- Increased costs (right of way) combined with static revenue stream;
- Expanding projects – environmental concerns;
- Inadequate link between transportation system and land use planning/permitting.

Group 3:

Vote – adequate 1, insufficient 8, under-funded 1.

- Too much population growth;
- Backlog in capacity improvements;
- Rising material costs.
- Rising right of way costs;
- State funding needs to increase similar to growth/inflation;
- Public needs to be convinced that increases in funding are worth it;
- System changed – we need to re-distribute user/non-user fees to reflect current/future use.

Group 4:

Difficult to answer –credibility issues.

- Highway 95 needs study – The number was so high that it was staggering and not doable;
- Maintenance level sufficient, construction is being under-funded, transit is way under-funded;
- Public transit federal dollars are not all being used because state/local match is insufficient;
- Last 10 years, state funding has been raised by 52% -- many in the public will say that this is adequate (fuel tax, fees);
- Numerous plans – how to tie these together into one coherent plan;
- Advantages of bonding – makes you plan and portray a vision;
- Rural versus urban issues – what is the plan to keep rural areas from ending up facing the same issues as urban areas now face?

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Given the funding issues (Federal, state, other), what strategies should be explored?

Group 1:

- Toll roads;
- Fuel tax increases;
- Look beyond a “highway” funded program to a “transportation” program – so that we can expand our view of funding options to other types of transportation;
- Use a vehicle mileage tax (VMT) – transponders in vehicles-tax based on weight and distance traveled (user fee);
- Develop high occupancy lanes (HOT) – transponders in vehicles – pay for right to use;
- City/county tax options – local option taxing;
- Private development funds;
- Up-front bonding for specific districts (local) LIDS;
- Need a “Gap” strategy to bridge current problems while new technology comes in – i.e. transponders, etc.;
- Rural areas also need to be part of the equation for funding;
- Need to have some of the Transportation funding come from the General fund;
- Tax car rentals and/or increase sales tax.

Group 2:

- Flat fee and mileage tax;
- Increased registration fees and fuel tax;
- Dedicate sale tax to transportation projects;
- Elicit public support;
- Increase efficiency with current funding;
- Maximize productivity of the current system;
- Implement demand management strategies;
- Promote public/private partnerships;
- Prioritize funding with density of use;
- Advance construction/bonding;
- Use cost benefit analysis;
- Marry land use planning with transportation planning.

Group 3:

- Regionalize administration services (roads and air travel);
- Expand the state system;
- Develop a dedicated small CAP construction fund;
- Use GARVEE bonding;
- Establish a dedicated public transportation funding;
- Allow local option authority for all modes;
- A C option;
- Impact fees;
- Consolidate highway jurisdictions/reorganization and/or identify efficiencies when possible.

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Group 4:

- Index fuel taxes against something like CPI;
- Shift current taxes (underground tank tax) to transportation funds;
- Shift sales tax (when temporary expires);
- Revisit cost allocation study – who is paying what;
- Increase property tax – tax the increased property value determined from the benefit of transportation projects;
- Look at all of the Resource Task Force items;
- Local option tax;
- Increase fuel taxes and tax alternative fuels/vehicles;
- Bonding;
- Tax miles versus fuel;
- Toll roads;
- Increase vehicle registration fees-tie to vehicle insurance fees;
- Increase licensing.

Given the potential of alternative fuels to reduce fuel tax revenues, how can we mitigate this impact?

Group 1:

- Vehicle mileage tax – pay per mile;
- Re-vamp registration fees;
- Increase fees incrementally to generate income;
- Tax by weight of vehicle;
- Close the gap or properly tax diesel fuel;
- Elimination of subsidy for ethanol/bio-diesel;
- Examine exemption to the rental car industry – state and federal;
- Charge more for car rentals on first fill-up.

Group 2:

- Explore taxing other fuel sources at retail point;
- Is the impact worth worrying about – need further information;
- Develop a mileage fee;
- Toll roads.

Group 3:

- Tax ethanol gasoline same as regular gas;
- Charge per mile regardless of fuel type;
- Tax all fuels regardless of type;
- Adjust registration fees to capture lost revenues;
- Toll roads.

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Group 4:

- Shift from fuel based tax to tax on mileage, property tax, etc. Tax on mileage preferred;
- Standardize fuel tax – energy used conversion – apply to alternative fuels;
- Figure out how to capture ‘transient’ travel through the state – mileage based;
- Federal tax is on gallons – does state need to be consistent – interstate commerce regulations;
- Tax on vehicles – how does that conflict with tax credits;
- Rather than raise taxes, look at departments economizing – state highway, highway districts, county, and city – combine/consolidate.

How much emphasis should be place on future Idaho public transportation investment?

Group 1:

High to medium priority

- Only one of 4 states that does not provide funding;
- Locals need to come up with 70% of the funds;
- Demographics creating increased demand throughout the state;
- Efficiency is increasing
- More important in urban areas such as Boise;
- High capital expenditure – unknown return on investment;
- Need to examine policies that discourage transit such as parking exemption;
- Must meet safety and mobility needs;
- Will need to examine return of investment;
- People are resistant to public transportation;
- Local options might address the needs of an elderly population;
- Need to plan today for public transportation;
- Need to change our mind-set about transit – an expected option.

Group 2:

Medium to high for urban/lower priority for rural

- Large cost versus how many people actually use it - does not pay for itself;
- Benefits transit-dependent folks;
- Can work in local instances with public support;
- Focus on larger populated areas with specific needs;
- Should be funded with General Funds rather than Highway Funds.

Group 3:

High priority – 6, Medium priority - 4

- Should target major metropolitan areas such as Boise and Coeur d’ Alene;
- Light rail needs to be planned now;
- Protection of right of way is a high priority;
- Plans must be developed now to have a system in place in 25 years;
- Need public support;
- Need true cost of driving (cost per mile) including environmental and other areas.

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Group 4:

No consensus.

- Develop a mechanism to let people vote for taxing for public transportation or local option taxes – could work in rural and urban areas;
- Should place higher emphasis on public transportation to deal with current issues;
- Need to be planning-driven not reactionary;
- Need to recognize that public transit issues in urban areas are actually statewide issues – if it saves money then dollars could be spent in other parts of the state;
- Recognize Sun Valley /Ketchum model and the use of local option tax;
- Aging population – keep elderly able to travel and be independent;
- Air quality issues;
- Need money to match available federal dollars.

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April 28, 2005

LONG-TERM TRANSPORTATION VISION

The Forum members were separated into three facilitated groups and discussed the following questions.

Question One:

Considering the information that you heard this morning, does this view of Idaho's long-term transportation needs support your vision of Idaho's future – particularly in regard to your geographical region or the sector that you represent? Why or why not?

Meet Vision Yes / No	Why?	Why Not?
Not quite	Presenters covered land use <u>and</u> economic conditions	Projects focus on moving people – more on urban / tourist , less on natural resources
It's a move in the right direction.	Identification of regional needs is positive	More "top-of-mind" Too past-oriented – needs to be innovative and plan for a future. This is a starting point.
Not really – we need a <i>preferred</i> future	Yes, for the question asked	More involvement at local level in some districts than in others
Yes		But need more emphasis on rail and air
Yes and No		Demographics on new people coming in – Families? Education level?
No	Big list	Movement of freight and goods - Freight is a drive-thru business System maintenance costs Greater focus on rural Doesn't separate "wants" from "needs" Doesn't seem integrated with other modes (air, rail, other) Fiscal restraints. We need to address costs up front. Inflated? Doesn't include other factors – ITS Local projects not complete / accurate Too many "wants" Pent-up demand vs. future needs Needs are greater than what is shown O & M is missing Doesn't include everything Same approach to problem – too many "road" solutions. We need to think about other solutions. No date to integrate new solutions. Not all needs are accounted for

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Question Two:

What are all of the factors, such as safety, economic growth, air quality, etc., that should be considered as we prioritize our wants and needs?

Popularity of Response	Factors for Consideration
13 votes	Safety
12 votes	Air quality / Changes in Emissions
10 votes	Funding / How to Pay
8 votes	Economic growth & development
6 votes	Cost / Benefit ratios Linking land use and transportation
5 votes	Infrastructure Quality of life
4 votes	Population and system use Multiple uses of same infrastructure Consolidation of inter-modal transportation planning Fits into long-term growth
3 votes	Congestion relief Circulation (system-wide) Moving freight to rail / Efficient rail movement Facilities commerce
2 votes	Address the needs of all people Leveraging federal funding sources, i.e., Medicaid Environmental Impact Multi-modal solutions / Considering all possible modes Ask: Is this a project or a solution? Economic development in rural areas Water quality Facilitate tourism Consider the supply of resources Preserve recreation (hunting, fishing, etc.) Public transit needs of rural areas

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Popularity of Response	Factors for Consideration
1 votes	<p style="text-align: center;"> Scheduling Changing demographics Balance reality with vision Regional significance Provide acceptable level of service Compliance (federal, state and other) Sustainability issues Free movement through areas Esthetics North/South and East/West transportation corridors Dealing with difficult geography or terrain Access to fuel Historical precedents Changing technology / Maximizing use of technology Making decisions that add most value Self-funded transportation Use of scenario planning Consideration of community values </p>

QUESTION THREE:

What will be the reaction from your region to the information presented?

Supportive / Positive?	Not Supportive / Negative?	Other?
Project list	Some projects	Sticker shock
Process	Not as visionary as it could be	Depends on solution
Aggressive solutions	Concern = Price Tag	Need to “get” the vision
Understands that there’s a need	Others not consulted on this plan (small hwy districts without their own plans).	Need education to gain support
Identifies a district-level wish list	Smart Growth Idaho – Perspective that the only solution is to widen roads. We need a broader base of	Need to understand reality
COMPASS – positive, but needs to see identify an overall vision	Sticker shock	Can they see “value”?
Production Agriculture – roads for commerce		With more roads, will maintenance costs increase?
FHWA – eligible for federal funding – supportive		There’s a need for buy-in from stakeholders and the public.

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Supportive / Positive?	Not Supportive / Negative?	Other?
Twin Falls Region – supportive, but small rural areas are not represented		They'll say, "I wish I would have known about this study. I would have participated."
Would be supportive if the priority criteria we identified is used to evaluate		Paving roads at U. of I. is of no benefit to agriculture or commerce
		We want.... But there's not enough money.

QUESTION FOUR:

What improvements can be made to the information gathered and the documents provided?

- O&M included in cost data.
- Ranking of existing needs today and ranking of future growth needs.
- Infrastructure plan with bullets reflecting factors and plan.
- Perspectives on long-term funding, broken down into smaller steps / projects
- Build community interest; are business and employer concerns represented here?
- What are the local and state policies that keep land and transportation apart?
- Keep equating the \$20 billion with 30 years

QUESTION FIVE:

What information do you need to participate in the next meeting?

- Compare to known funding available; identify gaps
- Allocation of sales taxes throughout the state. How much goes to transportation?
- Comparative information on the use of fees in other states
- What happens if there is no more money?
- Information on who pays for the plan
- More information on how the transportation modes will work together
- Budget totals for the past 3 years – where the money comes from and goes to
- Projected revenue stream for the next 30 years and projected maintenance costs
- Examples of what other states are doing and/or presentations by other states
- Split of how state funds are spent on different modes and how they compare to other states
- Transit: Operating needs vs. Capital needs

HOLDING TANK

We need a standardized nomenclature

We need to separate *needs* from *wants*

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June 28, 2005

TRANSPORTATION NEEDS DISCUSSION

The discussion focused on public transit, changes for land use planning, and changes from fossil fuels to bio-fuels.

Jim Kempton: If we look at the top five listing, all are dependent on funding and sustainability. For instance, public transit, which is not currently funded by the state and/or minimally by local jurisdictions, will require additional funds to become a viable mode of transportation. Do any of us think that public transit can grow without more funding support?

Tom Dale: Public Transit is a key part of multi-modal concepts and factors into congestion relief. If you combine these themes together public transit ranks second behind safety.

Kathleen Lacey: The coordination of land use also relates to public transit issues. Public transit relies on density and planned housing that allows easy access to transit systems. Multi-modality is a state and/or regional issue and funding should be coming from these sources. The Idaho Transportation Planners position should be elevated to a higher staff level with more authority for project development.

Tom Dale: At the AIC conference two week ago, we agreed to a Task Force to put together legislation of local option authority for public transit funding. We feel it is a critical piece to establish a funding source for public transit. We also feel that counties and cities will need to join together for viable transit systems.

Ron Binggeli: Local option tax is not the only solution; we really need consistent state funding. A single funding source is not the best option for long-term public transit system.

Scott Burpee: We need to look 30 years down the road and build funding flexibility. Oklahoma uses a percentage of their toll road revenues for public transit. We need more tools in our system; we will need to recommend many options. The advantage to toll roads is that it taxes the people who use it and catches all – tourist, trucks, etc.

Jim Kempton: At our recent energy conference, we were told that very soon hybrid cars will be getting 100 miles per gallon. We cannot continue to base transportation funding on fuel taxes. Additionally, the cost of making roads is rising.

Bruce Sweeney: How can we increase the use of public transit?

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Tom Dale: Our current public transit system is not elaborate. We have had to readjust and scale back because of lack of funding. Our peak service was in the 1970s during the oil crisis. The Treasure Valley rail corridor does not interconnect with the downtown business center, so we will have to seek additional ways to move people to the core business areas. User fees (40% to 12%) do not generate enough funds to meet this type of needs. Urban areas must develop a system that is complete, consistent, and frequent; while rural areas need to modify human behavior with maybe financial incentives, company tax breaks, and tapping into Medicaid transportation. Currently transit can't compete with the private car, but with gas prices rising, the demand for transit will increase and we need to be ready to meet the demand.

Charles Trainor: Land use planning will need to develop communities that are designed for efficient transit use. We will need completed street with sidewalks and bike paths.

Ron Binggeli: Our current system is limited. The Federal Transit Administration is recognizing more types of services-handicapped/others were recently mandated.

Cecil Ingram: I would like Larry Falkner, ITD's Public Transportation Administrator, to speak about ITD's Interagency working group.

Larry Falkner: Our Interagency Working Group is working to increase client transportation. Transportation for state agency clients amounts to over \$1 million per year. An ITD contract has been signed to track usage and bill the agencies. The University of New Mexico has developed software tracks usage and generates reimbursement billings. The software also tracks performance and savings. In northern Idaho school buses are going to start moving Medicaid clients and may deliver groceries. If you want further information check the July 12th minutes on the ITD website.

Jim Kempton: Well it certainly looks like public transit is going to have a big effect/impact on transportation funding needs.

Charles Hummel: I have information from Idaho Smart Growth, called Transit Funding 101 that explains funding sources, usages, and public transit agencies. (Copies were made and distributed to the attending members.) I would like to make two points. We are going to have to accept increased congestion especially in rural areas if public transit isn't developed; and additional roads/lanes doesn't necessarily mean less congestion.

Tom Dale: If we want an effective transit system; we must plan and do it now. Transit lanes on highways, transit system development, and land-use planning must all work together. We must significantly add funding for public transit.

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Trent Clark: I expect an exponential change from usage of fossil fuel to bio-fuels. Use of bio-fuels will triple in the future. Quantum steps will be made every 3 years. Ethanol can be 70% new energy. Making ethanol has increased 160% efficiency and \$2 gas will make ethanol more affordable.

Darrel Manning: Do we support taking tax breaks away?

Trent Clark: To abandon subsidies will take changes.

Scott Burpee: Washington is now processing wood alcohol out of the small pieces of lumber industry. Now economically viable to grow trees and replant every 5 years.

Steve Ahrens: A \$22 billion estimate is large, but what amount have we had in past? \$3 billion over last 8 years.

Forum on Transportation Investment

September 13, 2005

REVENUE OPTIONS & INNOVATIVE FINANCING IDEAS

Forum members brainstormed a variety of ideas related to transportation revenue options, innovative financing, and other related topics, along with their potential pros and cons. Additionally, non-attending members were given an opportunity to contribute their ideas and input on these topics.

What follows is a brief summary describing some of the reoccurring themes and opinions gleaned from this process.

New Ideas Recently Added to the List: *(To be voted on)*

Wind Farms

Highway District Boundary Adjustment

Revenue Generating Ideas That Received Generally Positive Feedback:

Sell Advertising on Buses or Bus Stops

Lease Rest Area Spaces to Restaurants

Dedicated Sales Tax on Car Rentals

Eliminate Ethanol Exemption

Public-Private Partnerships

Sale of Records, Maps, Documents

Forest Service Payments to Counties

Fees for Developments of Regional Impact

Local Option Sales Tax

Local Option Fuel Tax

Index All Fees

Congestion Pricing

Seek Grant Opportunities

Investment Options

Revenue Generating Options with Identified Potential: *(To be voted on)*

Increase Vehicle Registration Fees

Index Vehicle Registration

Allowing Ads on State Facilities

Fund ISP with State General Fund

Tire Fees/Taxes

Dedicated Sales Tax on Transportation Related Sales

Increase Fuel Tax

Increase Title Fees

Index Fuel Tax

Sales Tax on Fuel

Impact Fees

Ideas Generating Generally Negative Feedback:

Dedicated Sales Tax

Vehicle Miles Traveled (VMT) Fees

Add Dedicated Sales Tax to Fuel & Transport Services

Property Tax (Personal)

Toll Roads & Bridges

Parking Charges

Ideas Generating Little or No Feedback:

Railroad Car Tax

Increasing Drivers License Fees

Central Area Charges (as in Europe)

Use-Based Fees (if legal)

Diesel Fuel Tax on Railroads

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Non-revenue Generators for Consideration:

Bonding	Tapered Match
Tax Increment Financing	Section 129 Loans
State Infrastructure Banks	
Review Fines for Overweight Vehicles	
Local Highway Investment Pool	
Dyed Diesel and Potential Tax Evasion	
Federal Reimburse Fuel Tax Lost to Native American Reservations	
Review Fuel Tax, Registration and Other Evasions	
Increase Minimum Guarantee for Public Land States	
Get Funds from Petroleum Clean Water Trust Fund	
Transportation Infrastructure Finance & Innovation Act (TIFIA)	
Railroad Rehabilitation & Improvement Financing Program	
ITD Board to Select Forest Land Project Instead of Feds	

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September 13, 2005

REVENUE OPTIONS DISCUSSION

Flip Chart/Secretary Notes

(additional information from secretary notes are in red.)

Local Option Taxes – Can it be done legally; is it tied to property tax; disconnect with user fee concept; maybe more appropriate for transit funding; gives locals the option and local accountability. **Chairman Kempton reminded members that Forum recommendations don't have to be restricted by constitutional or statute regulations. Changes to the constitution or statute could be part of the recommendation.**

Tolls vs. Congestion Pricing -- They are different concepts. Toll road vs. toll lane or “hot lanes”; like to see not in a parking lot; some people would pay a toll to get through congested areas. **Members agreed that Toll Roads & Bridges should be added to the voting list of options.**

Local Option Tax Authority – Including, but not limited to, fuel and sales tax. **Local Option Sales Tax would most likely need a constitution change.**

Direct Funding for Transit – Discussed before; funded from general fund. **Probably need state funding, but also need to identify revenue sources.**

Fuel Tax – Trucking companies account for miles per state (for int'l. agreement) vs. accounted at POS (point of sale). Local option fuel tax would be a problem for diesel.

Should some concepts be reviewed by sub-committees comprised of those who have an interest in that issue or concept?

Fuel Tax and Vehicle Registration Fees—Currently, cannot be used for transit. **Sales tax on fuel as well as registration fees could be used for public transportation.**

Impact Fees – Would like to see Counties and Highway Districts have ability to do for development and the State should have a seat at that table. **Need to review policies, land use, and transportation connections.**

Concern about the “Items with Potential” List—Which items are currently restricted in their use? (i.e., could be used for transit vs. just roads)

Transfer of Wealth – Where transferring from? .? **People are generally willing to pay if they can see a value. If fees are very high, then people won't use.**

*Should term be “optimize” rather than “increase” as related to fuel tax, registration fees, etc. **Optimize would be a better term for public acceptance.***

Forum on Transportation Investment

Wind Farms – Property tax income; part goes to Highway District. Could be a windfall for some highway districts versus others. May need to reexamine highway district boundaries as they relate to this, but is this really an issue for this forum? **New tax revenue that needs to be designated to make best use of new economic benefit. Funds need to stay in one area to make sure administrative fees don't eat into collected funds. Big dollars/new revenue.**

ISP (Idaho State Police) Funded from General Fund – If moved to the General Fund from the dedicated funding in the Highway Distribution Account, would have an impact on workforce. Pays for highway patrol and state troopers. This is not a revenue-generating option, just a shift. Suggested to be removed from the list and placed in “Parking Lot.”

Advertising on Buses, etc. – Doesn't generate much revenue; may cost more to administer.

Tire Fees & Taxes – From trucking standpoint, don't favor next mechanism. Stay with fees in gasoline and registration. Currently sales tax on tires, autos and auto parts goes to the general fund.

Sales Tax -- All items sold impact transportation; use the sales tax portion as a funding source. **Makes sense for new revenue.**

Many of the revenue options do not generate enough funds to adequately meet projected needs. We need broad-based and sustainable sources to meet needs.

Forum on Transportation Investment

November 1, 2005

COMMENTS REGARDING THE REVENUE OPTIONS

The Communities in Motion (CIM) study is a work in progress considering land use and transportation revenues. The CIM study reports a 5% increase in federal funds, but still shows an annual \$50 million shortfall for the Treasure Valley, which fits in with the \$200 million statewide shortfall estimate.

Dyed diesel fuel evasion was discussed. Additional legislation might be useful to State Police or Tax Commission, but overall this would not be popular in rural communities. Enforcement of the existing laws and sample fuel methodology could be potential ways to generate additional revenue.

The Members discussed the merits of a sales tax on transportation related items such as tires, parts, oil/filters, etc. If enacted the tax should be earmarked for the highway fund rather than the general fund because it's directly related to the vehicle/roadway use. A tire fee/tax was also discussed, with the opinion that the revenue estimate is reasonable compared to previous tire disposal estimates. Both options would be new taxes and could be equitable.

Ada County is using impact fees; however current restrictions keep other entities from enacting them. There needs to be away to allow cities to impose impact fees. The Idaho Transportation Department does not currently receive revenue from impact fees, even in an area with a state highway. Revenue from impact fees could be extremely important to have development assist with the growth in their area. Impact fees may be legislatively impossible and getting the revenue directed to local jurisdictions could be difficult, but revenue from impact fees could be a very viable solution for transportation needs.

General comments about the 2.5¢ ethanol exemption amounting to \$825,000 in uncollected revenue; the indexing of vehicle registration that NCCI estimates should be increased by 3%; collection of a rental car fee/tax (Utah collects a 2.5% tax which amounts to \$3.5-\$4 million per year); a rail car tax that could be used for railroad investment; tolling and using HOT lanes, and the benefits of using partnerships was made.

A fuel tax increase would be very difficult to enact. Indexing the gas tax may be easier and less political for legislators. An increase in fuel tax and an indexed fuel tax seem to be linked and we may want to combine them in our recommendations.

In some cases, transit revenue is constrained and cannot be used for local matching funds. There needs to be a way for the state to assist with matching the federal transit funds that are available. Clarification as to which revenue is applicable to transportation (roadways) and which is applicable to transit should be included in the Forum's report to differentiate revenue option use.

Forum on Transportation Investment

Vehicle miles of travel or other alternatives should be considered as a means of taxing highway users. The Forum should not be short-sighted. The preferred options follow traditional revenue lines and Members should look at all options. Fuel taxes are energy-based revenue sources. We should look beyond to other potential funding sources, the political likelihood, the cost/benefit, and public acceptance.

The Forum remains respectful of the legislature's perspective, but at the same time we are charged with looking at the total transportation system infrastructure and revenue sources and then making recommendations to address the needs.

The transportation system has a growing backlog in maintaining and improving the system, and during the last ten years, Idaho has had three different directors and personnel cutbacks at ITD, two different governors and changes in the state legislature. The legislature didn't allow taxes to be raised, but encouraged efficiencies during that time. ITD did the best it could with existing resources, but overall Idaho has lost its direction for transportation. We need to explain this to the public. The Forum's Final Report could be used to explain how we can get out of this dilemma so we can move products and people on our highways. Canada will soon be able to out do us in if we don't improve our transportation system.

What plans are being made for publicizing the Forum's recommendations and other information that will be contained in the Final Report?